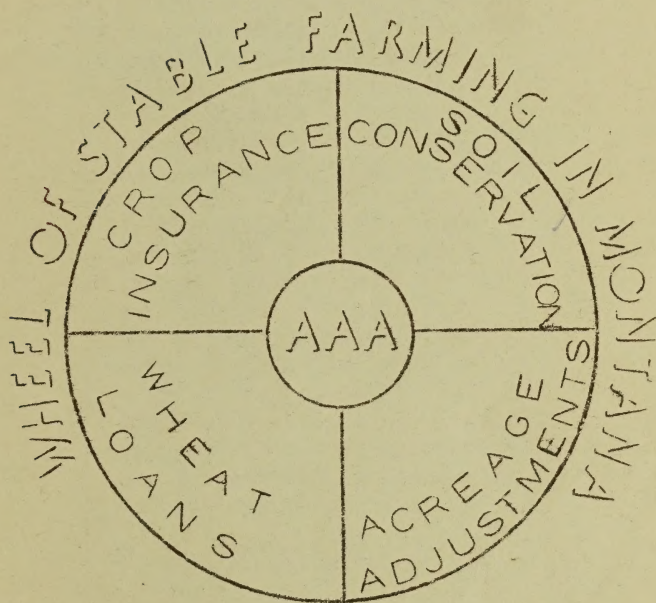


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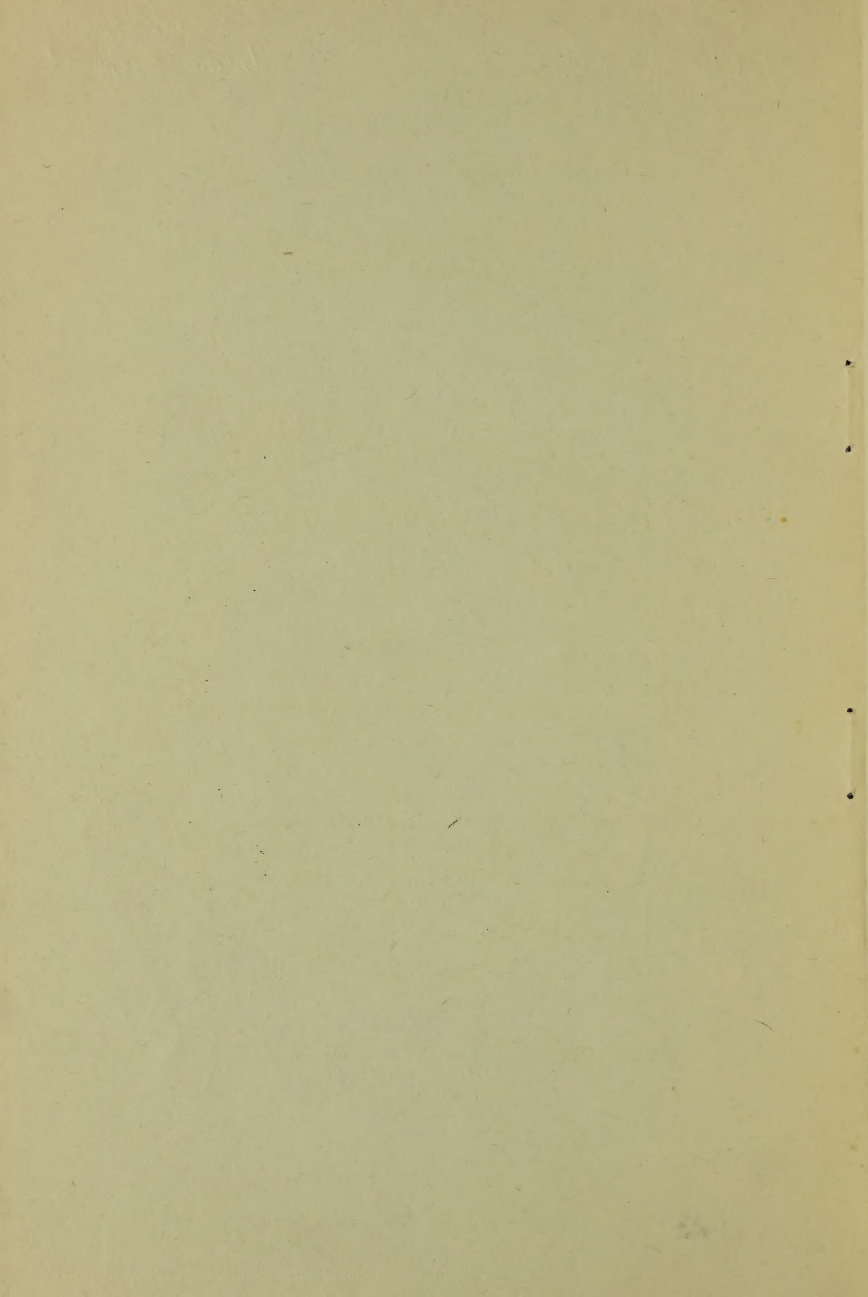
Kenneth D. Borchgrevink
Montana

IN MONTANA



JUL 30 1945

1933 - 1940



"The Farm Program has been faced with many tests. To-day when the greatest test is that of preparedness, the farmers are ready with an effective working farm program, an abundance of food and fiber in the Ever-Normal Granary and an enriched soil. Participation in the program this year of more than 6 million farmers is the highest in the history of the program. The manner in which farmers in each community elect their own committeemen to administer the program locally is an example of working democracy which has attracted world-wide attention. It is proof that national unity may be achieved by democratic methods and machinery."

-----AAA Administrator

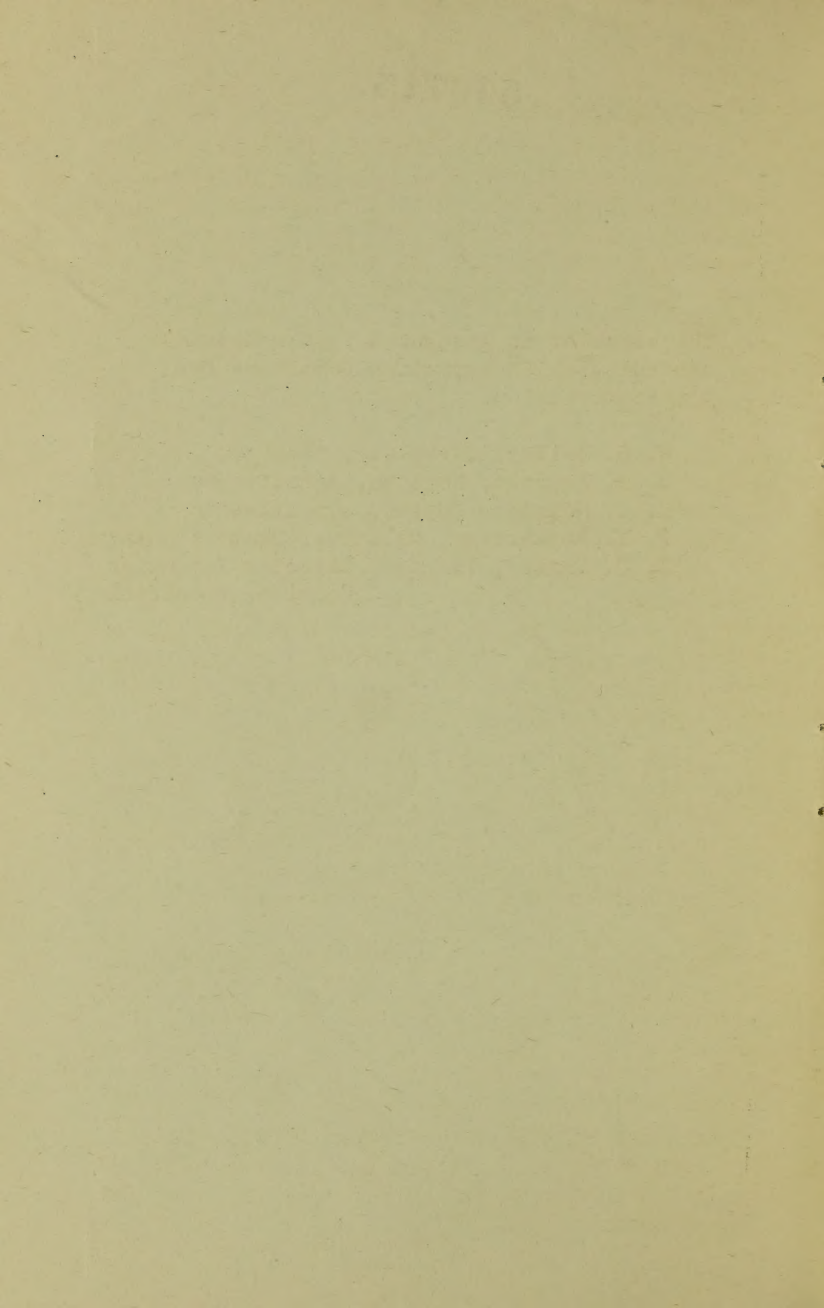
R. M. EVANS

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This booklet is presented by the Montana
Agricultural Conservation Committee for
your information.

W. S. Bailey, Corvallis, chairman
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WHY A FARM PROGRAM?

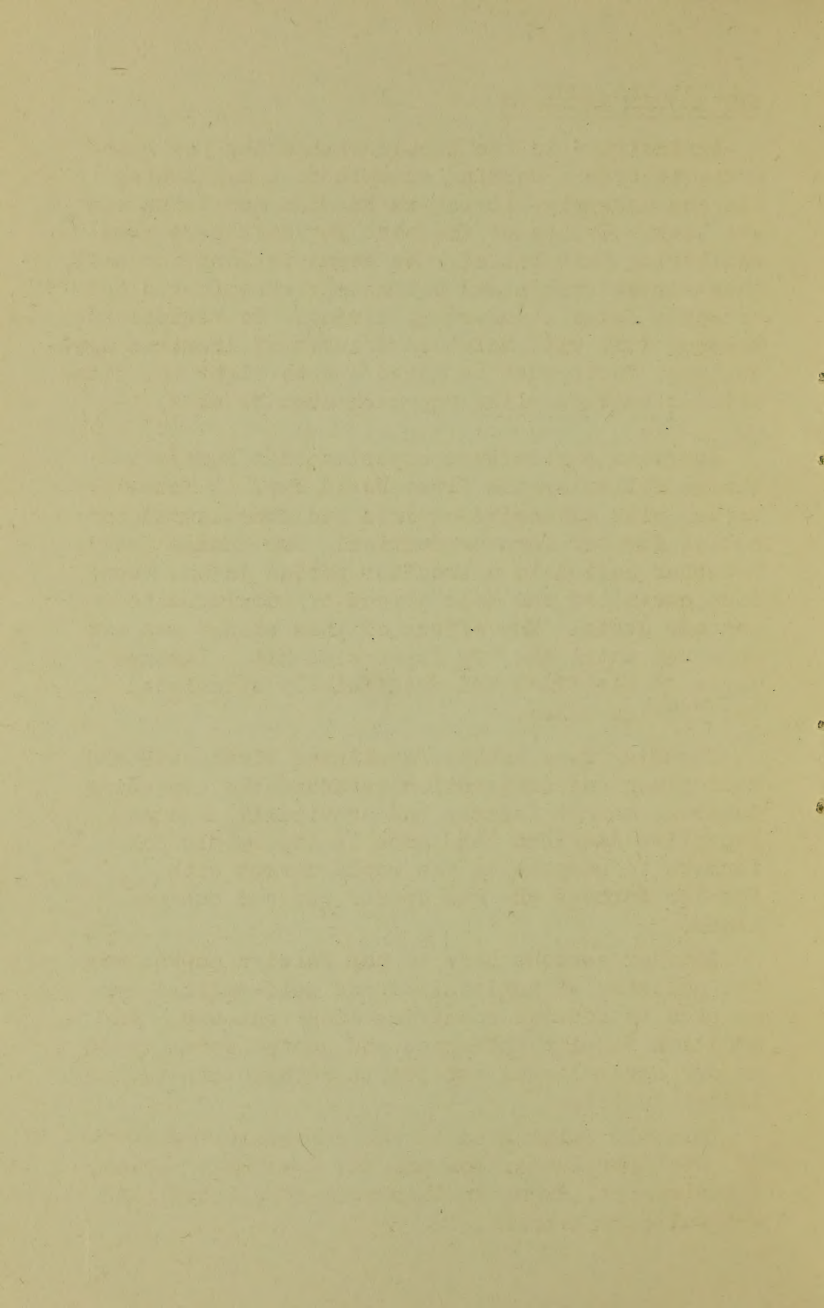
Agriculture in the United States has for generations been a working example of a man owning his own property, living in freedom and being his own boss. Events of the past 25 years have been shattering this belief. We began to lose our soil, then our ownership and ultimately were forced to accept a lower standard of living. To restore the balance that will maintain freedom of American agriculture, facts must be faced and to right the situation a business-like approach must be used.

American agriculture experienced a complete change following the first World War. A domestic market plus extensive exports had constituted the outlet for our farm production. Our change from a debtor nation to a creditor nation in the twenties curtailed the sale abroad of surpluses to pay our debts. The effect of this change was not apparent until the '29 depression hit. Immense loans in the '20's had artificially stimulated our foreign sales.

Changing food habits, declining birth rate and curtailment of immigration retarded the expanding domestic market farmers had previously enjoyed. Expensive American land made it impossible for farmers to compete in the world market with foreign farmers who had opened new and cheaper lands.

Another serious blow to our foreign market was the policies of nationalism and self-sufficiency adopted by foreign countries after the war. In addition foreign embargoes and quotas were placed on our agricultural exports in retaliation to our import tariffs.

This all culminated in the depression of 1929-32, with surpluses, low prices, low buying power, foreclosures, "want in the midst of plenty", and general farm despair.



WHAT WAS DONE?

In the '20's indications that the seriousness of the farm problem had become apparent are shown in the McNary-Haugen and Farm Board efforts, both aimed at surplus removal. During the depression, the nation moved to establish a balance between industry and commerce on one hand and agriculture on the other. A group of programs were formulated FSA, SCS, REA, and a host of others featured by:

The AAA of 1933: This act dealt mainly with controlled production as a means to remove surpluses, improve prices and stimulate farm purchasing power as a means to lift agriculture out of its doldrums. As the first AAA program progressed it developed more and more emphasis on soil conservation but in 1936 the processing tax method of financing the program was ruled unconstitutional by the Supreme Court.

The AAA of 1936: This act had as its basic principle conservation but it could only partially fulfill this conservation job because it could not control acreage and production nor sustain income --- all necessary to real conservation.

The AAA of 1938: This act brought into being a well-rounded conservation program, combining wise soil usage with acreage adjustment and abundance through crop insurance and wheat loans of the Ever-Normal granary. Positive soil-building practices alone are not enough to establish an effective conservation program. Acreage adjustment and the Ever-Normal granary are essential features of the conservation program. The nation can't afford to sell its soil fertility at 10 cents a bushel for corn and 25 cents a bushel for wheat. Planting and producing beyond need will end in the loss of soil fertility for future generations. The Ever-Normal Granary is a thrift program that stores soil fertility from fat years for use in lean ones.

HOW IT WORKS IN MONTANA

Conservation Program

While only a few examples of conservation gains made in Montana can be cited here they are indicative of the rapid strides being made in better farm practices since the Agricultural Conservation Program was started in 1936. Terrific winds a few years ago were fast removing valuable Montana topsoil. To curb this menace farmers through various governmental agencies were encouraged to stripcrop their land. Under the conservation program since 1936 over 6 million acres of land has been stripcropped in Montana. Starting with about 420,000 acres in 1936, Montana farmers in 1939 had over 2,200,000 acres of their land stripcropped. Over 600,000 acres of depleted range and farmland has been returned to its natural grassy state by the seeding of crested wheat grass. Thousands of water reservoirs have been constructed to hold the water on the land and prevent destructive erosion. Millions of acres of grassland have been allowed to reseed naturally through deferring grazing during the maturing summer months. Several hundred thousand acres of Montana farmland has been seeded to soil-conserving instead of soil-depleting crops. These and other conservation practices have been utilized to make Montana more productive and at the same time save her soil fertility for future generations.

Acreage Adjustments

Hand in glove with the conservation program are the acreage adjustments based on domestic need with a sufficient amount to take care of export needs as well as an ample carryover. It is necessary to adjust production to demand, to prevent a tragic waste of human effort and soil fertility in the production of agricultural products beyond need.

Crop Insurance

Introduced to the farmer in 1939, the crop insurance program is the application of a good American business method to farming. Crop insurance is a modern application of Joseph's storing of grain from the good years for use in the bad ones. In Montana over 9,000 farmers participated in the 1939 and 1940 crop insurance programs. They insured production on over 800,000 acres during the two years. In 1939 indemnities paid out surpassed the premiums paid in by over 2,000 bushels and farmers received 680,000 bushels of wheat that otherwise would have been lost to them.

Commodity Loans

Another newer feature of the farm program is commodity loans. Loans to producers enable a levelling out of the flow of crops to market and act as a stabilizer on prices. Loans tend to put a floor under low prices and weak markets. In 1939 over 18,500,000 bushels of Montana wheat were put under loan. This enabled farmers to sell their wheat at more opportune times than they have been able to do in the past. Mr. Jay G. Diamond, federal agricultural statistician at Helena, recently said, "Montana wheat farmers 'cashed in' to the tune of \$7,798,000 on high wheat prices the first four months of 1940 --- the April marketings, which totaled 4,154,000 bushels --- were made at 77 cents a bushel, highest price for the period --- these exports and their resulting income are the direct result of --- the 1939 wheat loan program extended by Commodity Credit Corporation and Montana banks --- loans enabled growers --- to take full advantage of the price rise between harvest time and the peak in April. --- Farmers who sold in April took advantage of the best market of the season. The combination of peak prices and the government loan deadline April 30, gave wheatgrowers one of the best breaks in years.

Parity Payments

In 1939 parity payments were first offered to farmers as a means to help bring their income up to parity. Parity payments were authorized by Congress to give the farmer a fair price for his products. Congress described a fair price as one that will put farm products on a par with non-farm products; a price that will make a bushel of wheat buy as much as it did during the period from 1909 to 1914. Farm prices are still far below this parity price. Montana farmers received over \$2,900,000 in parity payments in 1939.

Other Program Features

Marketing agreements, marketing quotas, surplus food distribution, food stamp plan and export subsidies are other parts of the farm program machinery. Your county Agricultural Conservation committee will be glad to explain any or all of these features. The Sugar program is also administered by Triple-A.

Farm Payments in Montana Since 1933.

Under the original Triple-A from 1933-36 \$24,758,291 was received by Montana farmers, the bulk of which, \$21,394,657, was wheat payments. Other payments were corn-hog, sugar and rye.

From 1936 to 1939, Montana farmers have received \$36,674,621 as follows:

	<u>Agricultural Conservation</u>	<u>Parity</u>	<u>Range</u>	<u>Sugar</u>
1936	6,464,978		209,143	
1937	6,423,419		386,150	1,688,358
1938	6,132,262		511,691	1,947,487
1939	7,508,406	2,924,269	622,380	1,865,078
	26,520,065	2,924,269	1,729,364	5,500,923

Total payments since 1933 amount to over \$61,000,000.

